

Marion County Assessor

Joseph P. O'Connor



May 4, 2018

Mr. Wesley R. Bennett, Commissioner
Indiana Department of Local Government Finance
200 N Senate Ave Ste N1058(B)
Indianapolis, IN 46204

RE: 2018 (payable in 2019) Annual Adjustment Process for Marion County, IN

Dear Commissioner Bennett:

This letter is to serve as our narrative explanation for the Annual Adjustment process for the 2018 (payable in 2019) assessments in Marion County.

Cyclical Reassessment

As we laid out in our approved cyclical reassessment plan, we have now completed all phases of reassessment on the following parcel groupings (all of which were data entered into our cama system for the 1/1/2018 assessment date):

-Residential/Agricultural/Exempt

July 1, 2014 – March 1, 2015 North District, 74,575 Parcels
July 1, 2015 – January 1, 2016 South District, 84,684 Parcels
July 1, 2016 – January 1, 2017 East District, 79,153 Parcels
July 1, 2017 – January 1, 2018 West District, 83,006 Parcels

-Commercial

- In the Commercial planned, to accommodate the approximately 25% per year requirement, we adjusted our existing East/South district boundary line to include all of Warren Township in the East district.

July 1, 2014 – March 1, 2015 South District *Adjusted*, 4,511 Parcels
July 1, 2015 – January 1, 2016 North District, 4,222 Parcels
July 1, 2016 – January 1, 2017 East District *Adjusted*, 4,179 Parcels
July 1, 2017 – January 1, 2018 West District, 3,946 Parcels

-Industrial/Utilities

- In the Industrial/Utilities plan, to accommodate the approximately 25% per year requirement we adjusted our existing West/North district boundary to include all of Pike township in the north district.

July 1, 2014 – March 1, 2015 South District, 1,212 Parcels

July 1, 2015 – January 1, 2016 North District *Adjusted*, 1,098 Parcels

July 1, 2016 – January 1, 2017 East *Adjusted*, 1,052

July 1, 2017 – January 1, 2018 West District, 1,321

Appeals

With the exception petitions requiring an IBTR or PTABOA hearing, or those for which we are awaiting further taxpayer correspondence, we are working 2016 payable 2017 appeals. We have closed approximately 49,000 appeals over the last three calendar years.

Field Work: annual permit work for January 1, 2018

As a result of our personnel assigned to performing field inspections, Marion County processed 12249 (5634 commercial and 6615 residential) site inspections in response to building permits issued.

Review and Validation of the Sales Database

We used sales from January 1, 2017 through December 31, 2017 in the annual adjustment process. To ensure the accuracy of the sales used, we individually reviewed all of the paper copies of sales disclosures submitted during that period to confirm that they were accurately data-entered in our electronic file. The sales were audited by a dedicated staff of sales disclosure auditors reviewing on MIBOR and aerial photography before being submitted to the field personnel to perform inspections within 60 days of the sales date, per statute.

For those sales that were deemed invalid for trending purposes, an explanation can be found in the sales disclosure file. Where a sale was subsequently excluded during the trending process, we have provided a spreadsheet with an explanation showing why the sale was inappropriate for use.

Review of Income Producing Properties

Our commercial assessment team has developed an income capitalization model to be used for multi-family residential properties. As part of processing hundreds of appeals for these apartments, this model was used to arrive at a settlement. Any information gleaned in the appeals process was then used to develop market assumptions we used for the 2018 (payable in 2019) assessments. Market data resources were also consulted to confirm our income approach information. All multi-unit apartments were reviewed using all three assessment approaches, and the lowest value was applied in accordance with IND. CODE § 6-1.1-4-29.

General Data Cleanup

Our GIS team has been working diligently to revise our base map to make our parcel delineations more accurate. Data errors and inconsistencies in our assessment data continue to be identified and corrected. We continued to revise improperly identified use codes. We have encouraged taxpayers to combine contiguous parcels to take advantage of the supplemental homestead deduction, thus eliminating unnecessary parcel delineations. More than 550 parcels have been combined and priced for the 2018 pay 2019 tax year.

Calculation of New Neighborhood Factors

We used our PVD computer system to perform initial ratio studies at the neighborhood and township levels. This initial calculation identified areas where neighborhood delineations needed to be reviewed. Where a review of a parcel's physical characteristics was warranted, aerial photography, Pictometry, or Metropolitan Indianapolis Board of Realtors (MIBOR) listing information were reviewed to be certain physical data was correct. Where that information was inconclusive, field inspections were conducted. After these changes were made, we performed the ratio studies again. In many neighborhoods, there were an inadequate number of sales to rely on for proper trending. In these cases, we turned to other market trend sources, such as MIBOR analyses, CoStar's sale and lease data, and our own analysis of trends in Marion County's sales, to determine whether a change in the trending factor was appropriate. The ratio studies were again performed after all the changes outlined above had been made. The results of the final ratio studies achieved statistical measures within the IAAO limits.

Vacant Industrial

After reviewing our vacant industrial sales only 5 were deemed valid, all of which were in Center Township. For that reason, Center Township is the only vacant industrial study you find in our ratio study.

-Decatur, Franklin, Lawrence, Perry, Pike, Warren, Washington and Wayne had no valid vacant industrial sales.

Improved Industrial

Due to a lack of valid sales we combined our 3 most western townships as well as our 2 most southeastern townships to create separate improved industrial ratio studies. Wayne, Pike and Decatur have similar industrial areas and a combined 6 sales which we combined to form our western industrial improved study. Warren and Franklin have similar industrial areas and a combined 7 valid sales which have been combined to create our southeastern industrial improved study. Center township had sufficient sales to run its own study.

-Perry and Washington townships had insufficient valid sales to have their own studies.

Vacant Commercial

For the vacant Commercial study, we combined Franklin and Warren Townships, with Warren having only 1 valid sale which was located in the southern portion of the township closest to Franklin. We also combined Pike and Wayne Townships to form one study along the western third of the county. Pike Township didn't have enough valid sales for its own study.

-Washington, Perry and Lawrence had no valid sales. Center township had sufficient valid sales for its own study.

Improved Commercial

All nine of our townships had sufficient sales data to run their own sales data.

Quadrants for Center, Washington, and Wayne Township Improved Residential

Per IC 6-1.1-14-12 and your Department's request, we broke Center, Washington, and Wayne Townships into quadrants for the purposes of the Improved Residential Ratio Study. Since the 3 townships in question are for the most part rectangles, we first looked for major streets and/or natural barriers (ex. rivers) that are close to the centerlines of the basic outline of the township. We then compared the number of residential improved parcels in each quadrant and adjusted the quadrant boundaries to come as close to an even 25% breakdown in each quadrant as possible while keeping the boundaries on major streets or other natural barriers. For simplicity, we named the quadrants, Northeast, Northwest, Southeast, and Southwest. Appendix A shows the boundaries of each of the quadrants and the number of Improved Residential parcels in each quadrant. In our ratio study spreadsheet, we broke each of the quadrants into their own study while also doing a study at the township level. In the workbook, we added a column to indicate quadrant, this added column is only filled in for the residential improved parcels.

The ratio studies and the Marion County workbook have been made available to you on an FTP site.

I hope these results meet with your approval. If there are any problems, or if you have any questions about our process, please let me know.

Sincerely,



Joseph P. O'Connor